

# **Environmental Cooperation Agreement**

Between

**Madison Gas and Electric Company**  
and  
**Wisconsin Department of Natural Resources**

## **Executive Summary**



## **Background**

The Environmental Cooperation Pilot Program (ECP) is a pilot program authorized by the state legislature as a part of the 1997-1999 biennial budget. Under the ECP, the Wisconsin Department of Natural Resources (WDNR) will make as many as ten cooperative environmental agreements with companies that own or operate facilities currently covered by licenses or permits.

In return for working toward superior environmental performance through an Environmental Management System, participating companies can expect WDNR and EPA regulation flexibility. Whole facility regulation and pollution prevention are very important in these agreements.

This document is an executive summary of the full ECP agreement entered into between Madison Gas and Electric Company (MGE) and the WDNR. It is not a supplement nor does it supersede that Agreement but is merely intended to provide an overview of its terms.

### **I. MGE Facilities Involved**

This Agreement covers the MGE Blount Generating Station at 717 East Main Street, Madison, Wisconsin 53703

### **II. Definitions**

BGS = Blount Generating Station

WDNR = Wisconsin Department of Natural Resources

MGE = Madison Gas and Electric Company

### **III. Period of Agreement**

This Agreement will be in effect for five years from the date it is signed by both MGE and the WDNR and may be extended for a second five years.

### **IV. Amendment/Revocation**

The WDNR can amend this Agreement if MGE agrees. The WDNR can revoke this Agreement if MGE asks, doesn't comply with it, refuses to amend it, is unable to commit to superior environmental performance, or does not address an important issue raised by a majority of their community advisory group.

### **V. Entire Agreement**

The document to which this executive summary is attached is the entire agreement. All revisions must be made in writing.

## **VI. Approvals Covered**

This Agreement covers Blount Construction Permits and the Wisconsin Pollutant Discharge Elimination System permit.

## **VII. Interested Parties Group**

MGE has invited a group of government and community leaders to provide feedback on this Agreement and our Environmental Management System for the BGS. They will meet periodically to review and comment on our environmental performance and provide input to our environmental goals and objectives for BGS.

## **VIII. Commitment to Environmental Management System**

MGE has had an Environmental Management System for BGS for a number of years. As a part of this Agreement, we commit to revising that system so it conforms to the form and format of ISO 14001 or an alternative standard that is acceptable to the WDNR.

## **IX. Commitment to Superior Environmental Performance**

MGE commits to go beyond the requirements of traditional regulatory programs. We will make noticeable improvements in our environmental performance at BGS, use less natural resources at BGS, and reduce the amount of waste we generate at BGS, balancing these changes with the economic and social effects of these efforts.

Over the past two years, we have already made many of the pollution reductions other utilities are now considering. MGE has already gone above and beyond what is required under regulations at BGS. We have already made many pollution reductions. In addition, we will:

- A. Increase the amount of waste materials we use to generate electricity. In return, the WDNR will not increase record-keeping, monitoring, or permitting requirements.
- B. Screen and reduce the amount of mercury waste potentially discharged into the environment.
- C. Reduce the amount of waste we generate at BGS or reduce the amount of waste sent to landfills.
- D. Continue to develop, implement, and evaluate alternative methods of energy production and/or improve existing methods to have reduced environmental impacts.

## **X. Pollution Limits**

- A. MGE generates electricity using a variety of nonpolluting renewable resources. The WDNR will allow MGE to comply with SO<sub>2</sub> emissions limitations for BGS by combining Blount's emissions with MGE's nonpolluting renewable resources.
- B. The WDNR will give MGE credit for early or voluntary pollution emission reductions we achieve through all environmental efforts. This includes MGE programs that aren't mandated and have overall environmental benefits.
- C. MGE will control coal dust and ash from BGS's coal yard and ash handling system through process changes. The WDNR will give MGE credit for these improvements and recognize the aesthetic improvements of the barrier wall around the coal yard.
- D. MGE will notify the WDNR before we increase the amount of any pollutant from BGS and explain why it's happening.

## **XI. Operational Flexibility and Variances**

The WDNR will:

- A. Provide increased flexibility within the air and water permits for BGS. This will include streamlining the monitoring requirements once MGE has shown their controls are working effectively.
- B. Provide flexibility for situations that cannot be reasonably predicted.
- C. Grant BGS Tier III storm water permitting status.
- D. Allow this Agreement to be amended based on our mutual experience.
- E. Provide flexibility on compliance dates for new or modified equipment or significant changes that are subject to new regulation.
- F. Provide greater flexibility during maintenance activities based on information from similar past activities.
- G. Work with MGE to eliminate redundant, conflicting, or overlapping environmental regulations that apply to BGS.
- H. Consider, to the extent possible, the environmental impacts of MGE activities overall when issuing BGS multimedia permits.
- I. Base regulatory requirements on necessary environmental goals rather than strictly implementing design-side technologies.

- J. Work with MGE to create a streamlined, integrated environmental monitoring, record-keeping, and reporting program.
- K. Assign a special multi-discipline regulatory team to BGS to provide technical assistance to MGE on pollution prevention, waste minimization, and general environmental compliance best practices.

## **XII. Baseline and Periodic Performance Evaluations**

Within 180 days of the signing of this Agreement, MGE will establish baseline environmental performance for BGS using our current Environmental Management System. We'll report and share the results with the WDNR and our community advisory group. We'll also publish the results on our Web site and have copies at the Madison Public Library and our office building. We will do follow-up evaluations annually and likewise share the results.

## **XIII. Reporting of Violations**

If we discover any violations during an environmental performance evaluation, MGE will report the details to the WDNR within 45 days.

## **XIV. Measurement and Assessment**

MGE will assess achievement toward the goals in this Agreement annually. We will also annually assess achievement toward BGS goals in our Environmental Management System. We will identify areas of strength and weakness and where improvements are needed. We will report these results to the WDNR and share them with our community advisory group. We will use feedback from the WDNR and our advisory group to formulate remedies for any problem areas and goals for the next year.

## **XV. Applicable Law**

This Agreement is subject to the laws of the State of Wisconsin.

## **XVI. Addresses**

The WDNR will appoint a representative to be a communication liaison with MGE. This person is currently John Shenot. MGE's communication liaison is Michael Ricciardi.

## **Environmental Cooperation Agreement Between Madison Gas and Electric Company and The Wisconsin Department of Natural Resources**

WHEREAS, Madison Gas and Electric Company (MGE) is a utility with multiple facilities located in the State of Wisconsin.

WHEREAS, the Wisconsin Department of Natural Resources (WDNR) is a duly organized agency of the State of Wisconsin created pursuant to Wis. Stat. § 15.34.

WHEREAS, the WDNR has legislative-delegated authority to regulate, among other things, air pollution, hazardous waste, solid waste, recycling, water pollution, and sewage within the State of Wisconsin. This authority having been delegated pursuant to Wis. Stat. §§ 281.12, 285.11, 285.13, 289.06, 289.07, 291.09, and 291.11, among other statutes.

WHEREAS, the WDNR has been delegated, authorized, or otherwise approved by the federal government to implement all or a significant portion of the following federal programs:

- The Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 *et seq.*;
- The Solid Waste Disposal Act, as amended, 42 U.S.C. § 6901 *et seq.*; and
- The Clean Air Act, as amended, 42 U.S.C. § 7401 *et seq.*

WHEREAS, the WDNR has consulted with and obtained concurrence from the United States Environmental Protection Agency (EPA) over the terms and conditions set forth in this Agreement as well as the procedural mechanisms necessary to effectuate any experimental changes to federal programs, or federally approved state programs, which may be required as a result of this Agreement.

WHEREAS, the WDNR has entered into a Memorandum of Agreement with the EPA dated March 25, 1999, entitled "Implementation of the Joint State/EPA Agreement to Pursue Regulatory Innovation and the Wisconsin Environmental Cooperation Pilot Program" (Joint State/EPA Agreement). Among other things, the Joint State/EPA Agreement defines how the WDNR and EPA will develop, implement, and pursue enforcement against participants in the Wisconsin Environmental Cooperation Pilot Program (Program).

WHEREAS, the WDNR and EPA assert in the Joint State/EPA Agreement that the innovative and experimental methods set forth in agreements such as this inherently involve some risk of failure. Regardless, the WDNR and EPA have agreed to promote innovations at all levels of environmental regulation, through agreements such as this, to increase the efficiency and effectiveness of the environmental programs each implements.

WHEREAS, the WDNR and MGE's Blount Generating Station have entered into this Agreement pursuant to Wis. Stat. § 299.80 to allow the WDNR, EPA, and MGE to implement and evaluate innovative environmental regulatory methods.

WHEREAS, this Agreement seeks to grant MGE's Blount Generating Station greater flexibility than would otherwise be allowed under current federal and state environmental programs including, but not limited to, those implemented pursuant to Wis. Stat. chs. 280 through 295 and the rules promulgated thereunder.

WHEREAS, the WDNR and MGE seek to reduce the time and resources they each spend on paperwork and other administrative tasks related to environmental regulation that do not result in benefits to the environment.

WHEREAS, the WDNR and MGE acknowledge that each is entering into this Agreement on a voluntary basis.

WHEREAS, the WDNR recognizes that the main goal in the Wisconsin Environmental Cooperation Pilot Program, Wis. Stat. § 299.80, is to establish a collaborative process involving business, government, and the public in order to reach consensus that is a "win" for each sector.

WHEREAS, the WDNR and EPA have entered into the Joint State/EPA Agreement whereby each asserts that this Agreement must be implemented to meet the following goals:

- Reduce government and facility transaction costs for paperwork and other administrative tasks.
- Encourage public participation and consensus.
- Encourage superior environmental performance, minimize transfers of waste, and achieve a balance among economic, social, and environmental impacts.
- Encourage facilities to work with communities.
- Encourage efficiency and cost-effective, verifiable pollution reduction strategies.
- Encourage systematic assessment of direct and indirect environmental impacts of the facilities covered by this Agreement.
- Encourage the transfer of information.
- Grant regulatory flexibility in the environmental area.
- Consolidate environmental permitting and approval requirements.

- Improve public information and access to environmental performance information.
- Recognize and reward leading companies in the area of environmental performance.
- Provide at least the same level of protection of public health and the environment as current regulations.
- Increase trust among government, facility owners/operators, and the public.

WHEREAS, the WDNR and EPA have entered into the Joint State/EPA Agreement whereby EPA asserts that when federal action is necessary for implementation of an innovation under this Agreement, EPA will promptly determine what is required in order to take such action and take that action.

WHEREAS, the WDNR and EPA have entered into the Joint State/EPA Agreement whereby EPA commits to consult with WDNR before taking any regulatory or enforcement action concerning MGE's Blount Generating Station so long as the Blount Generating Station is operating pursuant to this Agreement.

WHEREAS, the WDNR and EPA have entered into the Joint State/EPA Agreement whereby each asserts that the Program provides for waivers, variances, and modifications to the existing regulations, policies, guidance, and practices of traditional environmental programs.

WHEREAS, the EPA and WDNR have entered into the Joint State/EPA Agreement acknowledging that to the extent this Agreement affects requirements under a federally authorized or delegated program, the requirements of this Agreement replace those previously in effect under such programs and this Agreement becomes the requirement applicable to and legally binding upon the Blount Generating Station.

WHEREAS, the WDNR has determined, in consultation with EPA, that the environmental management system to be implemented under this Agreement sets forth efforts to prevent, detect, and correct violations of environmental requirements that are appropriate to the size of MGE's Blount Generating Station and to the nature of its business and are consistent with any criteria used by the federal EPA to define due diligence in federal audit policies or regulations.

THEREFORE, in reliance upon the foregoing, including the State and EPA commitments in the Joint State/EPA Agreement, and in consideration of the terms and conditions set forth in this Agreement, as well as other valuable considerations having been duly received, the WDNR and MGE enter into this Agreement pursuant to Wis. Stat. § 299.80 for the purpose of providing alternative methods for the regulation of environmental impacts from covered MGE facilities. In furtherance of this Agreement, the parties agree to the following:



## **I. Facility Information**

This Agreement initially applies only to the facilities listed below. MGE may add additional facilities to this Agreement later with the consent of the WDNR.

Madison Gas and Electric Company  
Blount Generating Station  
717 East Main Street  
Madison, Wisconsin 53703  
FID #113004430

## **II. Definitions**

The following definitions are applicable to this Agreement:

- A. "Approval" means a permit, license, or other approval issued by the WDNR under chs. 280 to 295 or any admissible rules, as well as under ch. 30, to the extent allowed by law.
- B. "Agreement" means this document entitled "Environmental Cooperation Agreement Between Madison Gas and Electric Company and The Wisconsin Department of Natural Resources."
- C. "Environmental Management System" means an organized set of procedures implemented by the owner or operator of a facility to evaluate the environmental performance of the facility and to achieve measurable or noticeable improvements in that environmental performance through planning and changes in the facility's operations.
- D. "Environmental performance" means the effects, whether regulated under chs. 280 to 295 or unregulated, of a facility on air, water, land, natural resources, and human health.
- E. "Facility" means all buildings, equipment, and structures located on a single parcel or adjacent parcels owned or operated by MGE at 717 East Main Street, Madison, Wisconsin, and otherwise identified as the Blount Generating Station.
- F. "Interested person" means a person who is or may be affected by the activities at a facility covered or proposed to be covered by this Agreement.
- G. "Performance evaluation" means a systematic, documented, and objective review, conducted by or for MGE, of the environmental performance of the Blount Generating Station. The review will include evaluation of compliance with this Agreement; approvals that are not replaced by this Agreement, if any; and the provisions of chs. 280 to 295 and rules promulgated thereunder for which a variance, waiver, or modification has not been granted.

- H. "Pollutant" means any of the following: Any dredged spoil, solid waste, incinerator residue, sewage, garbage, refuse, oil, sewage sludge, munitions, chemical wastes, biological materials, radioactive substance, heat, wrecked or discarded equipment, rock, sand, cellar dirt, or industrial, municipal, or agricultural waste discharged into water or onto land. Any dust, fumes, mist, liquid, smoke, other particulate matter, vapor, gas, odorous substances, or any combination of those things emitted into the air, but not uncombined water vapor.
- I. "Violation" means a violation of this Agreement, of an approval that is not replaced by this Agreement, or of a provision of chs. 280 to 295 and rules promulgated thereunder for which a participant has not received a variance, waiver, modification or which is not replaced by this Agreement.
- J. "Program" means the Wisconsin Environmental Cooperation Pilot Program set forth in Wis. Stat. § 299.80.
- K. "Joint State/EPA Agreement" means the Memorandum of Agreement signed by the EPA and WDNR dated March 25, 1999, entitled "Implementation of the Joint State/EPA Agreement to Pursue Regulatory Innovation and the Wisconsin Environmental Cooperation Pilot Program."
- L. "MGE" means Madison Gas and Electric Company, a utility with multiple facilities located in the State of Wisconsin.
- M. "BGS" means Blount Generating Station, an electric generation facility owned by MGE and located at 717 East Main Street, Madison, Wisconsin 53703.
- N. "WDNR" means the Wisconsin Department of Natural Resources, a duly organized agency of the State of Wisconsin created pursuant to Wis. Stat. § 15.34.

### **III. Period of Agreement**

This Agreement shall be binding on both parties from the date of its signing (by both parties) for five years. During this period, MGE and WDNR shall abide by all terms and conditions in the Agreement. This Agreement can be extended for one additional five-year period by following the procedures and obtaining the approvals set forth in Wis. Stat. § 299.80(6e).

### **IV. Amendment/Revocation**

MGE and WDNR may amend this Agreement upon mutual consent.

The WDNR may amend this Agreement for cause, including any of the following: (1) a change in federal or state environmental laws that require amendment, (2) a violation of this Agreement, or (3) discovering that this Agreement was obtained by misrepresentation or

failure to fully disclose all relevant information. MGE shall be afforded a right to administrative and judicial review on any amendment. Any amendment shall be considered final for administrative review purposes under ch. 227.

The WDNR shall revoke this Agreement upon the request of MGE. The WDNR may revoke this Agreement, after an opportunity for a contested case hearing, if it finds any of the substantive issues set forth in Wis. Stat. § 299.80(7)(c)2. If the WDNR makes such a finding and revokes this Agreement, the decision shall be considered final for review purposes under Wis. Stat. ch. 227 and shall contain the items enumerated in Wis. Stat. § 299.80(7)(c)3.

Nothing in this Agreement will be considered a waiver of MGE's constitutional protections including, but not necessarily limited to, MGE's rights to substantive and procedural due process, equal protection under the law, or the taking of a property right.

## **V. Entire Agreement**

This Agreement constitutes the entire Agreement between the parties. Communications, understanding, directives, permits, orders, or other administrative actions made before the signing of this Agreement and pertaining to its subject matter are now superseded. Revisions to this Agreement require a written amendment signed by both parties and issued pursuant to the procedures, directives, and rights set forth in "Section IV, Amendment/Revocation."

## **VI. Approvals Covered**

- A. BGS construction permits. MGE will be allowed to initiate construction and operation of air emission sources at BGS immediately after filing a permit application with the WDNR.
- B. The Wisconsin Pollutant Discharge Elimination System (WPDES) permit for BGS shall be issued for ten years. This replaces the requirement set forth in Wis. Stat. § 283.53(1). It will also incorporate any and all requirements that may be mandated under Wis. Stat. ch. 30.

## **VII. Interested Persons Group**

MGE agrees to initiate an innovative approach to environmental performance and regulatory compliance for BGS. MGE will establish an interested persons group called the MGE Community Environmental Advisory Group (CEAG) to provide objective input.

The CEAG will be a group of interested persons who live or own a business within MGE's service area and may be affected by the activities of BGS. The CEAG will review and comment on BGS's Environmental Management System and its performance.

- A. Potential Scope of Work.

1. Provide opinions on the draft of the Agreement between MGE and WDNR.
2. Learn about MGE's Environmental Management System for the BGS, including an orientation to the environmental policy and a tour of BGS.
3. Provide opinion on BGS's Environmental Management System.
  - a. Environmental audit results
  - b. Environmental training
  - c. Pollution prevention efforts
  - d. Waste minimization practices
  - e. Monitoring activities
4. Provide feedback on goals and objectives for proposed environmental performance improvement.
5. Review environmental performance under the Agreement and seek consensus on potential solutions to any discovered concerns.
6. Communicate environmental information about the BGS.
7. Review environmental materials to help MGE effectively communicate with the public about environmental programs and performance.
8. Provide input into a customer survey about perceptions, attitudes, and willingness to pay for increased environmental performance.
9. Participate in a survey to measure MGE's participation in the Agreement.
  - a. How does this group think the process is working?
  - b. How well has MGE done at BGS?

B. Group Structure.

1. The CEAG will have seven to nine members with staggering terms so that no more than two-thirds of the membership leaves in any given year. Members will represent a local perspective rather than statewide or national, preferably in the following areas:
  - a. Neighborhood association members from the more immediate area around BGS.
  - b. Business
  - c. Developer/contractor
  - d. Government
  - e. Low-income knowledgeable
  - f. Environmental group

2. We will strive for a broad diversity of perspectives such as:

- a. Technical: Familiar with environmental compliance
- b. Non-technical: Not familiar with environmental compliance
- c. Male/female
- d. Various age groups
- e. Multicultural

(A list of initial group participants is attached as Appendix A.)

C. MGE Representation.

A core group of MGE employees from Environmental Affairs, BGS, and Marketing will attend all meetings. Depending on specific meeting agendas, others may include officers, operations, facilities maintenance, accounting, pricing, etc.

D. Meeting process.

A professional facilitator will convene the meetings. MGE will provide meeting notes to all participants.

E. Meeting logistics.

- 1. Frequency: As needed (minimum semiannually)
- 2. Location: An MGE conference room
- 3. Time: After-work hours, 6 to 9 p.m.
- 4. Refreshments: Supper will be served
- 5. Actual and reasonable expenses to attend the meetings will be paid

## **VIII. Commitment to Environmental Management System**

MGE currently implements a documented Environmental Management System for its BGS. As part of this Agreement, BGS will revise its system, to the extent necessary, to meet International Standards Organization's requirements or an alternative Environmental Management System standard acceptable to the WDNR. Further, BGS commits to expand its Environmental Management System to cover facilities that are or become subject to this Agreement.

## **IX. Commitment to Superior Environmental Performance**

MGE commits to pursue superior environmental performance at BGS, to the extent possible, to achieve measurable or noticeable improvements in its environmental performance. It also commits to reduce waste generation and the use of natural resources while achieving a balance among the economic, social, and environmental impacts of these efforts.

As part of MGE's commitment to superior environmental performance, it commits to going beyond what would otherwise be required under traditional environmental regulatory programs at BGS. The WDNR recognizes that over the last two years, MGE has improved its environmental performance beyond what was required by existing regulations. The pollution reductions associated with those activities will be credited to MGE when evaluating performance at BGS under this Agreement. With that background, MGE establishes the following goals:

- A. Work to increase the amount of waste materials used as a fuel source. However, MGE will not be subjected to increased record keeping, monitoring, operating, or permitting restrictions because of these efforts.
- B. Develop and implement a program to screen and reduce the amount of mercury waste potentially discharged into the environment.
- C. Reduce the amount of waste generated or otherwise reduce the amount of waste sent to landfills.
- D. Continue to evaluate, develop, and implement alternate methods of energy production and/or improve existing methods that will lower environmental impacts. These will be compared to traditional methods.

**X. Pollution Limits**

- A. MGE's use of nonpolluting renewable energy generation will be recognized when evaluating the sulfur dioxide emission limitations that apply to BGS. MGE can show compliance with existing SO<sub>2</sub> emission limitations applicable to BGS by combining BGS's emissions with its nonpolluting renewable resources. This will be measured on a pounds per total million BTU basis.
- B. MGE will receive real and substantive credit for early or voluntary reductions in pollution emissions achieved through all environmental efforts.
- C. Fugitive particulate matter emissions from BGS's coal yard and ash handling system will be controlled through process changes. BGS will get credit for any control of fugitive particulate emissions achieved through these process changes. Furthermore, WDNR will recognize the environmental and aesthetic improvements from the barrier wall constructed around BGS's coal yard.
- D. MGE will notify WDNR before it increases the amount of a pollutant discharge or emission from BGS. MGE will also notify the WDNR before it begins to discharge or emit a pollutant that it did not discharge or emit from BGS when this Agreement was signed. MGE's notification will describe any facility expansion, production increase, or process modification. MGE will further identify and quantify the pollutant that will be emitted or discharged. For purposes of this provision, the baseline quantity of

emissions shall be based upon the monthly production average of 120,000 net megawatt-hours from BGS.

## **XI. Operational Flexibility and Variances**

- A. The WDNR will provide increased flexibility within the air and water permits for BGS and other units covered by this Agreement. After controls are fully operational and demonstrated to work effectively, the WDNR's flexibility will include streamlining monitoring requirements, such as:
  - 1. Eliminate redundant coal density monitoring requirements within the Title V air permit (Part I, p. 1).
  - 2. Reduce and eliminate testing frequency parameters in the WPDES permit issued to BGS whenever MGE can show that historic test results are consistently below regulatory limitations or not detected. At first, parameters affected by this provision would include oil, grease, and 3,4-benzoflouranthene.
- B. Provide MGE with flexibility for operating condition exemptions at BGS that cannot be reasonably predicted. For example, the continuous opacity monitor at BGS can be subject to unpredictable outages caused by inherently unavoidable equipment failures or weather conditions.
- C. Grant Tier III storm water permitting status to BGS.
- D. Allow this Agreement to be amended, from time to time, based on the mutual parties' consent and experience in implementing its provisions. Further, allow the Agreement to be amended, from time to time, based on the mutual parties' consent in response to regulatory innovations arising from federal or state legislation. If the parties do not consent, the provisions of Section IV of this Agreement shall apply.
- E. Provide MGE with flexibility on compliance dates for any new or modified equipment or other significant plant changes under new regulatory programs. This flexibility must recognize the pragmatic concerns about the age, location, configuration, and space limitations at BGS.
- F. Provide MGE with greater flexibility during maintenance activities, such as testing schedules, based on previous data and experiences acquired during past similar activities.
- G. The WDNR and MGE will work together to identify and correct instances when potentially redundant, conflicting, or overlapping environmental regulations apply to BGS's activities.
- H. To the extent possible, BGS should be issued multimedia permits that allow for the overall environmental impacts of activities.

- I. Base regulatory requirements on necessary environmental goals rather than on strictly implementing design-side technologies.
- J. The WDNR and MGE agree that traditional environmental programs may contain obsolete, duplicative, and often unnecessary monitoring, record-keeping, and recording requirements. From an environmental perspective, these traditional systems have sometimes operated as isolated, independent activities. This can significantly limit integrating data and using it to evaluate the impact of a facility report on the environment from a holistic standpoint. The different reporting obligations can use time and money that otherwise could be devoted to more beneficial activities.

To address these concerns, the WDNR and MGE agree to create a streamlined, integrated environmental monitoring, record-keeping, and reporting program. This program will be integrated with and become part of the Environmental Management System created/revised pursuant to Section VIII of this Agreement. This program will supersede and replace the monitoring, record-keeping, and reporting obligations in Wis. Admin. Code chs. NR 407, 438, 439, 440, and 445. As new state or federal monitoring, record-keeping, and reporting obligations are issued, BGS's Environmental Management System will be changed to address these new obligations. This Agreement will supersede and otherwise replace these new requirements as applied to BGS.

- K. The WDNR will assign a special multi-discipline regulatory team to BGS facilities covered by this Agreement. This team will have an intimate knowledge of BGS operations, a working knowledge of the utility industry, and utility operations that can affect the environment. The team will also have working knowledge of nonenvironmental regulatory matters that affect the utility industry and may impact environmental issues in this Agreement. The WDNR team will help provide technical assistance to MGE in pollution prevention, waste minimization, and general environmental compliance best practices. The goal is to foster communication and interaction between the WDNR and MGE.
- L. The WDNR and MGE will work with the CEAG to develop a shared approach to decision making under this Agreement. This shared approach will address decision-making analyses, tools, processes, timing, and criteria (e.g., costs, benefits).
- M. As part of the streamlined reporting allowed under this Agreement, MGE is allowed to submit discharge monitoring reports for BGS annually or whenever exceedances occur. Further, BGS is allowed to electronically submit all reports required under this Agreement or by regulatory provisions that are not replaced by this Agreement.

## **XII. Baseline and Periodic Performance Evaluations**

Within 180 days of signing this Agreement, MGE will perform a baseline performance evaluation for BGS under its current environmental management system program. The results will be compiled into a timely report that will be shared with the WDNR and the



CEAG. A copy will be made available for public inspection at MGE offices, the Madison Public Library, and on the Internet (to the extent possible).

Follow-up evaluations will be repeated annually and completed by the anniversary date of the initial baseline report submission. The WDNR and MGE may mutually agree on a different date or periodic evaluation interval. Results of these subsequent performance evaluations will be shared with the WDNR and the CEAG. A copy of these reports will also be publicly available at MGE offices.

### **XIII. Reporting of Violations**

If MGE discovers any violations during an environmental performance evaluation of BGS, MGE will submit a report to the WDNR within 45 days after completing the evaluation. The report will contain the information currently set forth in Wis. Stat. § 299.80(12)(a) through (f).

### **XIV. Measurement and Assessment**

- A. MGE will solicit public comments concerning MGE's participation in this Agreement during the CEAG meetings or other meetings with community groups. Minutes of these meetings will be compiled and will include a summary of the public comments. Responses to those comments will be appended to the minutes for easy reference.

Individual members of the CEAG will be solicited and encouraged to provide suggestions into MGE's efforts regarding its environmental performance. MGE representatives will consider and respond to issues raised by the group. These responses will be provided in writing, and/or at further group meetings, and/or discussions with a member(s).

MGE commits to work with community and WDNR representatives assigned to the facility to investigate ways to become more efficient.

MGE will make reports, annual assessments, meeting minutes, and responses to public comment publicly available. Such documents will be publicly available at MGE offices.

- B. MGE will annually assess its success at reaching the Agreement's goals. This assessment will identify the goals and objectives of the previous year. MGE's progress toward reaching those goals will be evaluated based on, among other things, the metrics in this Agreement. The assessment will also include a performance evaluation of the Environmental Management System implemented under this Agreement.

The annual assessment will identify areas of success and areas for improvements. For each area, the reasons for achievements will be analyzed along with recommendations for improvements. The annual assessment will identify activities or procedures to improve performance in the next year under this Agreement. This could include

creating new goals or modifying existing goals based on the experience of the preceding year.

Each annual assessment will be provided to the WDNR and the CEAG for review and comment. MGE will meet with the WDNR and the CEAG to solicit suggestions on how to improve performance under the Agreement. These comments and suggestions will be summarized. MGE will respond to them in writing or through further discussions with groups or individuals.

## **XV. Applicable Law**

The laws of the State of Wisconsin shall govern this Agreement. This Agreement shall be considered a contract between the WDNR and MGE subject to common law and statutory rules of interpretation and enforcement.

## **XVI. Confidential Information**

Notwithstanding any other provision in this Agreement including, but not necessarily limited to, Sections VIII, X, and XIV, the WDNR will take all steps to protect MGE's confidential business information to the maximum extent provided by law. In this regard, MGE will designate confidential business information pursuant to: Wis. Admin. Code § NR 2.19; Wis. Stat. §§ 285.70, 291.15, 289.09, 101.598, 134.90(5), and 905.08; and any other common law or statute providing for protection of confidential information. This Agreement shall not constitute a waiver by MGE of any such privilege that it currently holds or may hold over confidential business information, trade secrets, or other privileged communications.

## **XVII. Enforcement Deferral**

The WDNR agrees not to commence a civil action to collect forfeitures for violations at MGE facilities covered by this Agreement if those violations are disclosed in a report that meets the requirements of Section XII for at least 90 days after the WDNR receives the report. If MGE corrects the violations disclosed in such a report within 90 days after the WDNR receives the report, MGE shall not be subjected to a civil action to collect forfeitures for said violations. If MGE submits a report to the WDNR disclosing a violation and a proposed compliance schedule, the WDNR may approve the compliance schedule as submitted or propose a different compliance schedule. If MGE and the WDNR agree upon a compliance schedule, that schedule will be incorporated into this Agreement without formal amendment.

The WDNR will not commence a civil action to collect forfeitures for violations covered by a compliance schedule approved by the WDNR. However, if MGE violates the agreed-upon compliance schedule, the WDNR may collect stipulated penalties in the agreed-upon compliance schedule, to the extent such stipulated penalties exist, or the WDNR may initiate the procedures to revoke this Agreement.

Notwithstanding anything else in this Agreement, the WDNR may commence a civil action at any time to collect forfeitures for violations which: (1) present an imminent threat to public health or the environment or may cause serious harm to public health or the environment or (2) the WDNR discovers the violations before MGE submits a report disclosing such violations.

**XVIII. Addresses**

MGE and the WDNR shall each appoint a representative from their respective organizations to serve as a liaison under this Agreement. All correspondence and communications between the parties shall be directed to the designated liaisons.

The current liaisons for MGE and the WDNR are listed below. Changes in each organization's liaison or their associated addresses shall be forwarded to the other party once effective and will become part of this Agreement without formal amendment.

John Shenot  
Wisconsin Department of Natural Resources  
Bureau of Cooperative Environmental Assistance  
Post Office Box 7921  
Madison, Wisconsin 53707-7921

Michael Ricciardi  
Senior Director - Safety and Environmental Affairs  
Madison Gas and Electric Company  
Post Office Box 1231  
Madison, Wisconsin 53701-1231

IN WITNESS WHEREOF, the parties, by the undersigned signatories, cause this Agreement to be executed. Each signatory represents that they have authority to bind their principals for purposes of this Agreement.

Signed for and on behalf of:

Signed for and on behalf of:

**STATE OF WISCONSIN  
DEPARTMENT OF NATURAL RESOURCES**

**MADISON GAS AND ELECTRIC COMPANY**

\_\_\_\_\_  
Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

# Appendix A

## Community Environmental Advisory Group

### Community Members

- **John Coleman** - Marquette Neighborhood Association Board Member
- **Jo Oyama-Miller** - Community Action Commission, *It's My Business* Business Development Coordinator
- **Judy Olson** - Madison City Council President
- **Keith Reopelle** - Environmental Decade, Director
- **John Imes** - Wisconsin Environmental Initiative, Executive Director
- **Lindsey Lee** - Greater Williamson Area Business Association, Treasurer
- **Brian McKee** - Madison Area Builders Association, Director
- **Tim Metcalfe** - Sentry Foods Hilldale, Owner

### DNR Representative

- **John Shenot** - Business Sector Specialist, Bureau of Cooperative Environmental Assistance

### MGE Team

- **Eileen Vadoros** - Project Coordinator  
Eileen is a senior project manager in the Marketing Department. A member of several professional energy and environmental groups, Eileen has extensive experience managing a wide variety of energy and related projects and initiatives for MGE.
- **Mike Ricciardi** - Senior Director - Safety and Environmental Affairs  
Mike heads the group responsible for assuring MGE compliance with all environmental regulations and the safety of MGE employees.
- **Steve Schultz** - Executive Director - Blount Generating Station  
Steve oversees the day-to-day operations of the Blount Generating Station and helps develop the vision and direction for it.

MGE employees who will periodically attend meetings include:

- **Gary Wolter** - President and Chief Executive Officer
- **Mark Williamson** - Executive Vice President and Chief Strategic Officer
- **Lynn Hobbie** - Senior Vice President
- **Tom Krull** - Group Vice President - Gas and Electric Operations
- **Pete Waldron** - Vice President - Power Supply
- **Steve Dietrich** - Director - Blount Maintenance and Stores
- **Ed Maass** - Director - Blount Operations
- **Jeanne Burns-Frank** - Environmental Specialist

- **Susan Rosenberg** - Air Quality Specialist - Safety and Environmental Affairs
- **Joann Kelley** - Director - Residential and Community Service
- **Karen Matteoni** - Customer Satisfaction Manager
- **Sonjia Short** - Marketing Communications Manager

Other resource people will be invited as needed.

**Facilitator**

- **Elizabeth Fadell** - The Enterprise Group